

KZN235

OKHAHLAMBA LOCAL
MUNICIPALITY

2017/2018

DRAFT BUDGET



Okhahlamba Local Municipality

259 Kingsway Street

Bergville 3350

Tel Number: +27 36 448 8000

TABLE OF CONTENTS

PART 1- DRAFT BUDGET.....

- Mayor's report
- Resolutions.....
- Executive summary
- Annual budget tables

PART 2 – SUPPORTING DOCUMENTATION.....

- Overview of annual budget process.....
- Overview of alignment of annual budget with Integrated Development Plan
- Measurable performance objectives and indicators.....
- Overview of budget related policies
- Overview of budget assumptions.....
- Overview of budget funding
- Expenditure on allocations and grant programmes.....
- Allocations grants made by the municipality
- Councilors and board member allowances and employee benefits
- Monthly targets for revenue, expenditure and cash flow
- Annual budget and service delivery and budget implementation plans – Internal Departments
- Annual budget and service delivery agreements
- Contracts having future budgetary implications
- Capital expenditure details
- Legislation compliance status
- Other supporting documents
- Municipality manager's quality certification

INTRODUCTION

In terms of Section 16 (2) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA): , the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Regulation 9 of the Municipal Budget and Reporting Regulations (MBRR) further prescribes *that the annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the act.*

MAYOR'S REPORT

MAYORAL 2017/2018 DRAFT BUDGET SPEECH

Honourable Speaker, Cllr. S. A. Zulu

Deputy Mayor of Okhahlamba Municipality Cllr. T. G. Ngozo

Members of the Council of Okhahlamba

Councillors present

Officials and all protocol observed

Greetings to all

Chairperson, Mr Speaker, I would like to greet you and all members of the council and officials, and I hereby present Draft Budget for 2017/2018 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 16 (2) of MFMA in relation to the tabling of Annual Budget.

I would like to highlight the following items:

Revenue:

	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	2018/19	2019/20
Operating Revenue	R 176 963 000	R 176 963 000	R 176 963 000
Capital Revenue	R 66,606,000.00	R 66,606,000.00	R 66,606,000.00
Total Revenue	R 243 569 000	R 243 569 000	R 243 569 000

Expenditure:

	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	2018/19	2019/20
Operating Expenditure	R 176 963 000	R 176 963 000	R 176 963 000
Capital Expenditure	R 66,606,000.00	R 66,606,000.00	R 66,606,000.00

Total Expenditure	R 243 569 000	R 243 569 000	R 243 569 000
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SERVICE DELIVERY OBJECTIVES

Section 152(1) (b) of the Constitution stipulates the objectives of Local Government, which is to ensure the provision of services to communities in a sustainable manner.

Section 153(a) of the Constitution further states that a Municipality must structure and manage its administration and budgeting and planning processes to give priority to basic needs of the community, and to promote the social and economic development of the community.

In order to fulfil the objective section 152 of the Constitution, Okhahlamba Municipality has provided a budget relating to Free Basic Services below:

	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2017/18	2018/19	2019/20
Service charges: Refuse	R 176 963 000	R 176 963 000	R 176 963 000
Free Basic Electricity	R 66,606,000.00	R 66,606,000.00	R 66,606,000.00

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

Free Basic Electricity is offered to households who are considered to be indigent and are included in the Indigent register which is updated regularly as per the Municipal Indigent Policy

South Africa has an unemployment rate of 26.5 (January 2017), this calls for significant economic transformation to eradicate poverty, the Municipality has budgeted an amount of R 6.5 Million for SMME and Co-operatives and R 1.4 Million for Job Creation initiatives. This has been supported by increased Expanded Public Works Programme allocation amounting

to R 3.9 Million. The Municipal Supply Chain Management Policy has been reviewed to include Local Economic Developments measures.

LINKAGES BETWEEN ANNUAL BUDGET AND IDP

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (circular 66 & 67) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community and consultation with Uthukela District Municipality.

INFRASTRUCTURE DEVELOPMENT OBJECTIVES

The Okhahlamba Municipality has infrastructure backlogs, in addressing the problem the Municipality has allocated R 28 742 000.00 for Infrastructure development which will be funded through Municipal Infrastructure Grant.

I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community when considering the draft budget, I thank you for this wonderful opportunity granted to me to present this report to the Council of Okhahlamba.

I thank you.

RESOLUTION

On the 24th of March 2017 the Council of Okhahlamba Local Municipality met in the Council Chambers of Okhahlamba Municipality to consider the 2017/2018 draft budget. The council approved and adopted the following resolutions:

2.1. The Council of Okhahlamba Local Municipality, acting in terms of section 16 (2) of the Municipal Finance Management Act (Act 56 of 2003) approves and adopt:

- 2017/2018 draft budget
- 2017/2018 budget related policies

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Okhahlamba financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Okhahlamba business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

Before we focus on the budget, information relating to councillors, executive committee and Management Committee is provided below:

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS	PORTFOLIO COUNCILOR
Mayor	Cllr. M. G. Ndlangisa	Finance Portfolio
Deputy Mayor	Cllr. T. G. Ngozo	Infrastructure Portfolio
Executive Committee Member	Cllr. K. I. Hadebe	Corporate Portfolio
Executive Committee Member	Cllr. T. A. Sigubudu	Social Portfolio
Executive Committee Member	Cllr. B. M. Dlamini	Social Portfolio

COUNCIL

DESIGNATION	SURNAME & INITIALS
Councillor	Cllr. E. N. N. Bengu
Councillor	Cllr. M. J. Hadebe
DESIGNATION	SURNAME & INITIALS
Councillor	Cllr. M. H. Msimanga
Councillor	Cllr. Z. S. Khoza
Councillor	Cllr. S. R. Mlambo
Councillor	Cllr. S. A. Zulu
Councillor	Cllr. K. S. Dladla
Councillor	Cllr. T. G. Ngozo
Councillor	Cllr. K. I. Hadebe
Councillor	Cllr. M. P. Vilakazi
Councillor	Cllr. P.P. Sigubudu
Councillor	Cllr. M. M. S. Vilakazi
Councillor	Cllr. K. Simelane
Councillor	Cllr. P. A. M. Mfuphi
Councillor	Cllr. T. A. Sigudundu
Councillor	Cllr. B. P. Mkhize
Councillor	Cllr. M. G. Ndlangisa
Councillor	Cllr. B. M. Dlamini
Councillor	Cllr. M. I. Dlamini
Councillor	Cllr. S. Ndimande
Councillor	Cllr. T. D. J. Van Rensburg

Councillor	Cllr. I. M. Buthelezi
Councillor	Cllr. K. Langa
Councillor	Cllr. S. M. Hlongwane
DESIGNATION	SURNAME & INITIALS
Councillor	Cllr. S. M. Buthelezi
Councillor	Cllr. J. E. Nqubuka
Councillor	Cllr. N. A. Mdakane
Councillor	Cllr. F. E. Buthelezi
Councillor	Cllr. S. C. Hadebe

MANAGEMENT COMMITTEE MEMBERS

DESIGNATION	SURNAME & INITIALS
Municipal Manager	S. D. Sibande
Chief Financial Officer	S. B. Ndabandaba
Director: Technical Services	S. N. Malinga
Director: Social	T. P. Mazibuko
Director: Corporate	G. M. Mohlokoana
Senior Legal Advisor	Z. H. Motola
Executive Manager: Compliance And Risk Management	Y. Joyi
Manager: Office of the Mayor	Vacant
Project Manager	B. X. S. Ndlanzi
MPCC Manager	Z. A. Zikode
Internal Audit Manager	S. Dlamini

IDP/PMS Manager	S. S. Nene
Protection Service Manager	T. N. Langa
Finance Manager	T. E. Gambu
DESIGNATION	SURNAME & INITIALS
IT Manager	I.T. Makhubu
Manager Housing	M. E. Khumalo
PMU	S. C. Khumalo
HR Manager	Z. R. Makhaza
Senior Accountant	N. P. Ntuli
Accountant Expenditure and Reporting	N. P. Nene
Accountant Income	C. Priest
Accountant Assets	L. Khoza
Senior LED Officer	H. P. Ndaba
Senior Admin Officer	M. E. Mntambo
Internal Auditor	S. Xaba
SCM Officer	H. Nkosi
Housing Officer/ Building Inspector	A.P. Nkosi
Waste Management Officer	X. A. Kheswa
PMS Specialist	S. B. Ndlovu
Communication Officer	S. Asmal
Town Planner	M. L. Mlotshwa
Contract Management Officer	B. T. Maphalala
Superintendent: Testing & Licensing	B. Mabuya

Superintendent: Disaster Management	F. E. A. Halgreen
P.A – to the Municipal Manager	N. S. V. Msibi

EFFECTS OF THE ANNUAL BUDGET (FINANCIAL AND SERVICE DELIVERY IMPLICATIONS)

Okhahlamba Municipality is grant reliant since 80% of total revenue is made up grants, this implies that the Municipality might not be able to provide service delivery as much as it would like considering the financial constraints, however the Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The new Valuation Roll will be effective from 1 July 2017, however the municipality has received objections from property owners relating to market values which have increased.

The table below shows property rates budget:

Description				
	Budget Adjusted	2017/18	2018/19	2019/20
R thousands	000	000	000	000
Property rates	25,971	27,633	29,291	31,048
Property rates-penalties & collection charges	4,355	4,633	4,911	5,206

The tables below show Municipal tariffs:

PROPERTY RATES

Description	Tariff 2016/2017	TARIFF 2017/2018	Impermissible rebates	Additional rebates
Residential, Sectional Title Residential,	.00784	.00831	R124.65 p/a	20% sectional title residential R85,000 on m/v
Rural Residential, Residential Small Holding	.00784	.00831	R124.65 p/a	20% R85,000 on MV
Business & Commercial, Rural Business And Commercial	.00784	.00831	0	20% on application led development
Industrial	.00784	.00831	0	20% on application led development
Public Service Infrastructure	.00196	.00208	100%	
Agricultural And Agricultural Small Holding	.00196	.00208	0	20% 50% Disaster relief on application
Municipal Properties Non Leased Municipal Properties	.00784	.00831	0	100%
Municipal Properties Binded By Lease Agreement	.00784	.00831	0	20%
Privately Developed Estates	.00784	.00831	0	20%
Properties For Religious Use	.00784	.00831	0	100%
Vacant Land	.00784	.00831	0	
Rural Communal Land	.00784	.00831	0	100%
Education Facilities	.00784	.00831	0	
State Owned Properties	.00784	.00831	0	
Tourism And	.00784	.00831	0	20%

Hospitality Rural				
Tourism And Hospitality Urban	.00784	.00831	0	20%
State Services Property		.00831	0	
VACANT LAND (Residential)		.00831	0	No rebate
Description	Tariff 2016/2017	TARIFF 2017/2018	Impermissible rebates	Additional rebates
Vacant Land (Commercial)		.01038	0	No rebate

REFUSE CHARGES

Description	TARIFF 2016/2017 INCL VAT R'	TARIFF 2017/2018 INCL VAT R'
Fixed monthly residential	97.55	103.40
Fixed monthly commercial	202.50	214.65
Dump site deliveries per load ldv and smaller	185.77	196.92
Garden refuse per load	185.77	196.92
Dump site deliveries per load ldv ldv and trailer	371.53	393.82
Dump site deliveries more than ldv and trailer	500.00	500.00

Tariffs increased by 6% from 2016/17 to 2017/18

TOTAL OPERATING REVENUE

Description	Budget Adjusted	2017/18 R' 000	2018/19 R' 000	2019/20 R' 000
Total Revenue (excluding capital transfers and contributions)	170,735	165,067	158,025	165,274

Operating revenue decreased by 3.3% since the municipality is not expecting any grant allocation compared to the adjustment budget

The Municipality has the following allocations:

Description	2017/18 R '000	2018/19 R '000	2019/20 R '000

MIG	28 742	30,214	31,767
EQUITABLE SHARE	102,863	110,010	114,395
FINANCE MANAGEMENT GRANT	1,900	1,900	1,900
EPWP	3,911	-	-
Description	2017/18	2018/19	2019/20
	R '000	R '000	R '000
PROVINCIALISATION OF LIBRARIES	757	796	856
MUSEUM SUBSIDY	183	192	202
COMMUNITY LIBRARY SERVICES GRANT	212	223	230
COMMUNITY SERVICE CENTER	7,500	-	-
INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME	13,000	-	-

Operating Expenditure:

Description	Budget Adjusted	2017/18	2018/19	2019/20
R thousands	000	000	000	000
Employee costs	56,946	61,568	65,885	70,402
Remuneration of councillors	9,192	9,198	9,906	10,600
Other expenditure	94,216	77,263	63,847	67,557

Employee related increased by 8% due to 7% increment applied for filled post with remainder of the increased being due to vacant post expected to be filled in 2017/2018. Salaries relating to outer years are expected to increase by 7% each year.

Remuneration of councillors increased by less than 1%, since the Municipality budgeted for actual cost approved in accordance with Government Gazette on Remuneration of Public Office Bearers Act: Determination of Upper Limits of salaries, Allowances and Benefits of different members of municipal council as advised in MFMA Circular No. 86.

PAST PERFORMANCE

The budget does not have any impact of previous year audited results and annual report.

MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

The Municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

KEY AMENDMENTS TO BUDGET RELATED POLICIES

Tariff Policy is amended to incorporate the 6 % increase in Municipal tariff which is below CPI.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

ANNUAL BUDGET TABLES

ANNEXURE A attached (Schedule A)

PART 2: SUPPORTING DOCUMENTS

OVERVIEW OF ANNUAL BUDGET PROCESS

Section 34 of the Municipal Systems states that: a municipal council-

(a) Must review its integrated development plan—

(i) Annually in accordance with an assessment of its performance measurement in terms of section 4 i; and

(ii) [o the extent that changing circumstances so demand; and

(b) May amend its integrated development plan in accordance with a prescribed process.

ESTABLISHED INTERNAL STRUCTURE WITH ROLE PLAYERS AND RESPONSIBILITIES

a) OKHAHLAMBA MUNICIPAL COUNCIL

The Okhahlamba Municipal Council is formed by fourteen ward councillors and fourteen Party Representatives Councillors, the responsibility of the Council in the IDP Development is to:

- To adopt a process plan;
- Be responsible for the overall management and coordination of the planning process;
- Adopt and approve the final IDP; and
- Ensure that annual business plans, budget and related development activities are based on approved IDP.

b) OKHAHLAMBA EXECUTIVE COMMITTEE

The Executive Committee is formed by five Councillors and it is therefore responsible for:

- Managing the IDP development through the Municipal Manager;
- Ensure legislative compliance by recommending the IDP review process to the Council;

- Recommending the IDP revision and adoption to the Council;
- The Mayor, as an Executive Committee Chairperson is also responsible for chairing the IDP Representative Forum; and
- Allocate resources for reviewing the IDP.

c) IDP STEERING COMMITTEE

As part of the IDP Preparation Process, Council resolved to establish an IDP Steering Committee which is formed by all HOD's and other Senior Officials, their responsibility is to:

- -Prepare the IDP Review Process Plan;
- Identify resource people;
- Coordinate and manage the components of the planning process, including Stakeholders meetings, Meeting deadlines, Horizontal and Vertical alignment, Compliance with National and Provincial requirements;
- Provide terms of reference for all reviewing and planning activities;
- Commission IDP planning studies, programs and projects;
- Process, summarize and document outputs from subcommittees, teams, etc;
- Recommend amendments to the contents of the IDP;
- Prepare, facilitate and document meetings and workshops;
- Ensure alignment and participation in the determination and prioritization of plans and programs in the spirit of cooperative governance.

Section 16(1) of the Municipal Systems Act 2000 states that municipality must develop a culture of municipal governance that complements formal representation. This means that a municipality must create conditions for the local community to participate in its affairs, including the involvement of the community in the preparation, implementation and review of IDP's. Community based Planning (CBP) is considered the preferred form of participatory planning designed to promote community action and to link IDP as it provides a mechanism for entrenching participatory planning and management at ward level. To this effect, the Department invested and rolled out a massive programme to introduce municipal officials to CBP. Community Based Planning will now form the basis at community involvement in the development of IDPs.

Four major functions can be aligned with the public participation process, namely:

- Needs identification;
- Identification of appropriateness of proposed solutions;
- Community ownership and buy-in; and
- Empowerment.

WARD COMMITTEES

- Ward committees are utilised as communicating agents to the community;
- They were and continuously trained on IDP, BUDGET and PMS and also on the reporting style, further they seat on IDP Forums and participate in all strategic Workshops of the Municipality; and
- Provision of secretarial during IDP public meetings.

IDP REPRESENTATIVE FORUM

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the IDP RF and ensure their continued support and participation throughout the process.

ROAD SHOWS / PUBLIC HEARINGS

- The venues of these meetings will be publicized at the IDP RF as well as through the media; - There are 08 sessions of Public Participation Meetings scheduled for the April of IDP/ Budget Road shows;
- For the maximum community participation the municipality will hold road shows in a cluster of 4 wards and the community will be transported to the road shows.

MEDIA

Community radio stations will be utilised to make public announcements where necessary and depending on financial availability;

- Flyers-to be distributed in Public Facilities;
- Local Newspapers are commonly used to advertise dates and venues of meetings and other notices; and
- Word of mouth-we rely more on ward committees.
- Any persons that cannot read or write may come to the municipality to have their comments/ representations transcribed for them as contemplated in Section 17 of the MSA.

SCHEDULE OF KEY DEADLINES

CALENDAR A IDP REPRESENTATIVE FORUM		
DATE	VENUE	TIME
2nd QUARTER – OCTOBER 2016	MUNICIPAL COUNCIL CHAMBER	11H00
4th QUARTER – APRIL 2017	MUNICIPAL COUNCIL CHAMBER	11H00

IDP/BUDGET ROADSHOWS:

	WARD	VENUE	TIME	DEPLOYMENT
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29/03/2017	4	Thabane Hall Traditional Court	10h00 14:00	Team 4 G. Mohlakoana, M.E Khumalo, T. Makhubu, N.P Ntuli, Z.A Zikode, F.E.A Halgreen Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS
31/03/2017	5	Sandlwane Community Hall Marquee Ngunjini Primary School	10:00 14:00	Team 1 S.B Ndabandaba, A. Nkosi, S.C Khumalo, L. Khoza, M.E Mntambo, Z. Motala Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS
05/04/2017	6	Busingatha Community Hall Obonjaneni Community Hall	10:00 14:00	Team 2 N. Malinga, T.E Gambu, B.S.X Ndlazi, S. Dlamini, H.P Ndaba, B.T Maphalala, C Priest Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS
06/04/2017	7	Okhombe Community Hall Nsukangihlale Community Hall	10:00 14:00	Team 3 T.P Mazibuko, Y.P Joyi, T.N Langa, Z. Makhaza, H. Nkosi, N.P Nene, B. Mabuya Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS
07/04/2017	8	Ubulinga High School, Marquee Eyethu Community Hall	10:00 14:00	Team 4 G. Mohlakoana, M.E Khumalo, T. Makhubu, N.P Ntuli, Z.A Zikode, F.E.A Halgreen Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS
10/04/2017	3	Mhlwazi Community Hall Ngoba Community	10:00 14:00	Team 1 S.B Ndabandaba, A. Nkosi, S.C Khumalo, L. Khoza, M.E Mntambo, Z. Motala Constant: S.Asmal, M.

		<i>Hall</i>		<i>Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>11/04/2017</i>	<i>10</i>	<i>Langkloof Community Hall</i> <i>Rookdale Community Hall</i>	<i>10:00</i> <i>14:00</i>	<i>Team 2 N. Malinga, T.E Gambu, B.S.X Ndlazi, S. Dlamini, H.P Ndaba, B.T Maphalala, C Priest Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>12/04/2017</i>	<i>11 and 15</i>	<i>Hambrook Community Hall</i> <i>Bethani Community Hall</i>	<i>10:00</i> <i>14:00</i>	<i>Team 3 T.P Mazibuko, Y.P Joyi, T.N Langa, Z. Makhaza, H. Nkosi, N.P Nene, B. Mabuya Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>13/04/2017</i>	<i>13</i>	<i>Greenpoint Community Hall</i> <i>Thintwa Community Hall</i>	<i>10:00</i> <i>14:00</i>	<i>Team 4 G. Mohlakoana, M.E Khumalo, T. Makhubu, N.P Ntuli, Z.A Zikode, F.E.A Halgreen Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>18/04/2017</i>	<i>12</i>	<i>Potshini Community Hall</i> <i>Woodford Community Hall</i>	<i>10:00</i> <i>14:00</i>	<i>Team 1 S.B Ndabandaba, A. Nkosi, S.C Khumalo, L. Khoza, M.E Mntambo, Z. Motala Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>19/04/2017</i>	<i>1</i>	<i>Khetani Community Hall</i>	<i>10:00</i>	<i>Team 2 N. Malinga, T.E Gambu, B.S.X Ndlazi, S. Dlamini, H.P Ndaba, B.T Maphalala, C Priest Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>21/04/2017</i>	<i>14</i>	<i>Stulwane Hall</i>	<i>10h00</i>	<i>Team 1 S.B Ndabandaba, A. Nkosi, S.C Khumalo,</i>

		<i>Magagangozi Community Hall</i>	<i>14:00</i>	<i>L. Khoza, M.E Mntambo, Z. Motala Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>20/04/2017</i>	<i>2</i>	<i>Emfemfetheni Community Hall (Emmaus)</i>	<i>10h00</i>	<i>Team 3 T.P Mazibuko, Y.P Joyi, T.N Langa, Z. Makhaza, H. Nkosi, N.P Nene, B. Mabuya Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>
<i>24/04/2017</i>	<i>9</i>	<i>Zwelisha Community Hall</i>	<i>10h00</i>	<i>Team 2 N. Malinga, T.E Gambu, B.S.X Ndlazi, S. Dlamini, H.P Ndaba, B.T Maphalala, C Priest Constant: S.Asmal, M. Mlotshwa, S.S Nene, S.B Ndlovu, Public Participation, OSS</i>

RATEPAYERS MEETINGS AND STAKEHOLDER ENGAGEMENTS

DATE	STAKEHOLDER	TIME	VENUE	DEPLOYMENT
<i>19/04/2017</i>	<i>Cathkin Valley Ratepayers Association</i>	<i>14:00</i>	<i>To be confirmed.</i>	<i>ALL MANCO, PP</i>
<i>19/04/2017</i>	<i>Winterton Ratepayers Association</i>	<i>17:30</i>	<i>Khetani Community Hall</i>	<i>ALL MANCO, PP</i>
<i>24/04/2017</i>	<i>Farmers Association</i>	<i>14:30</i>	<i>OLM Council Chamber</i>	<i>ALL MANCO, PP</i>
<i>24/04/2017</i>	<i>Ratepayers Association</i>	<i>17:30</i>	<i>OLM Executive Boardroom</i>	<i>ALL MANCO, PP</i>
<i>25/04/2017</i>	<i>Amakhosi and Government Departments</i>	<i>10:00</i>	<i>OLM Council Chamber</i>	<i>MANCO, PP</i>

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OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

ALIGNMENT WITH STAKEHOLDERS

HORIZONTAL ALIGNMENT AND VERTICAL ALIGNMENT

- **FRAMEWORK PLAN:** In terms of Chapter 5 Section 26 of the Municipal Systems Act (2000), Districts are required to prepare and adopt a framework plan which indicates how the District and Local Municipalities will align their IDP's;
- The Framework Plan provides the linkages and the binding relationship to be established between the District and the Locals in the region, therefore proper consultation, coordination and the alignment of the review process of the district municipality and family of municipalities can be maintained.
- **ALIGNMENT WITH SERVICE PROVIDERS:** The District and local municipality are responsible to ensure the alignment between the district and local planning through the District IDP Forum, Local IDP Forum and one on one meetings with sector departments and the family of municipalities in uThukela.

ACCROSS BOARDER ALIGNMENT

- In this IDP Review Process, the municipality will be aligning its development plans with the nearby municipalities on development corridors.

TYPE OF ALIGNMENT MECHANISM

IDP REPRESENTATIVE FORUM

- The IDP Representative Forum was established to align activities of different government departments with the plans of the local municipality. Such forum enables the municipality to integrate all programmes in the municipal IDP. And it also helps to involve all stakeholders at a planning stage in order to avoid the previously called "white elephants" projects.

LED & TOURISM FORUM

- Relevant government departments and other stakeholders seat in this forum to discuss matters concerning Local Economic Development.

DISTRICT IDP FORUM

- The Local Municipality representatives and District Municipality seat on the District IDP Forum to align their programmes and or planning activities for that particular financial year

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

OVERVIEW OF BUDGET RELATED POLICIES

Following is a list of budget related policies:

- Credit Control and Debt Collection Policy
- Indigent Support Policy
- Property Rates Policy
- Tariff Policy
- Unallocated Revenue Policy
- Supply Chain Management Policy
- Budget Policy

The budget related policies can be obtained from the municipal offices, no: 259 Kingsway street, Bergville, 3350 and also on municipal website. www.okhahlamba.org.za.

Tariff Policy is amended to incorporate the 6 % increase in Municipal tariff which is below CPI.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

OVERVIEW OF BUDGET ASSUMPTIONS

In the compilation of the 2017/18 MTREF, the following influencing factors were taken into account:

Property rates

Property rates tariff will be increased by 6 % less that C

New valuation roll will be implemented on the 01 July 2017

Refuse removal

Refuse removal tariff will be increased by 6%

Penalties on overdue accounts

Interest on overdue account remained unchanged at 18%

Fines

Traffic fines are expected to decrease over the budget due to the collection problems by Council in the past years.

- Main sources for fines are Traffic

Grants

Grants and allocation were budgeted using Division of Revenue Bill 2017 and KwaZulu Natal Provincial Gazette - Transfer of Funds to Municipalities

EXPENDITURE

Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling Okhahlamba Local Municipality adjustment budget.

Employee related costs

Okhahlamba staff benefits for the 2017/18 Budget is informed by the following:

Organogram with vacant posts expected to be filled within 2017/2018 Financial year

An increment of 7% was used from 2016/2017 adjustment salary benefits

Other benefits were budget using the following:

UIF = 1% of salary limit 148.72

SDL = 1% of Salary

Pension Fund = 30.51%

Provident fund maximum option = 18% salary

Repairs and Maintenance:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made

General Expenditure:

General expenditure were budgeted for using zero based budgeting where every department function is reviewed comprehensively and each expenditures must be approved, rather than increased.

It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year

OVERVIEW OF BUDGET FUNDING

Summary of the funding of operating and capital expenditure.

Operating activities:

Operating revenue = R 165 067 216.2

Operating Expenditure = R 176 962 849.6

Deficit = R 11 895 633.36

Capital Activities:

Capital revenue = R 66 606 000.00

Capital Expenditure = R 66 606 000.00

Capital expenditure is funded through:

Municipal Infrastructure grant = R 28 742 000.00

Surplus Cash = R 2 864 000.00

Community Service Centre = R 15 000 000

Loan = R 20 000 000

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

The tables below discloses expenditure on allocations and grant programmes:

Description	MUNICIPAL INFRASTRUCTURE GRANT
Allocation	28,742,000.00
Planned Expenditure	
Mnceleni	1,000,000.00
Bergville Tarred Road	6,000,000.00
Sports Complex	10,000,000.00
MIG projects	11,742,000.00
Total Expenditure	28,742,000.00
Unspent (allocation less expenditure)	-

Description	FINANCE MANAGEMENT GRANT
Allocation	1,900,000.00
Planned Expenditure	
Finance Interns Salaries	700,000.00
Municipal Finance Management Programme	500,000.00
Municipal Standard Chart of Account	700,000.00

Total Expenditure	1,900,000.00
Unspent (allocation less expenditure)	-

Description	EXPANDED PUBLIC WORKS PROGRAMME
Allocation	3,911,000.00
Planned Expenditure	
Salaries	3,911,000.00
Total Expenditure	3,911,000.00
Unspent (allocation less expenditure)	-

Description	PROVINCIALISATION OF LIBRARIES
Allocation	757,000.00
Planned Expenditure	
Salaries	757,000.00
Total Expenditure	757,000.00
Unspent (allocation less expenditure)	-

Description	MUSEUM SUBSIDY
Allocation	183,000.00
Planned Expenditure	
Salaries	183,000.00
Total Expenditure	183,000.00
Unspent (allocation less expenditure)	-

Description	MUSEUM SUBSIDY
Allocation	212,000.00
Planned Expenditure	
Salaries	212,000.00
Total Expenditure	212,000.00
Unspent (allocation less expenditure)	-

Description	COMMUNITY SERVICE CENTER
Allocation	7,500,000.00
Planned Expenditure	
Community Service Centre	7,500,000.00
Total Expenditure	7,500,000.00
Unspent (allocation less expenditure)	-

Description	INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME
Allocation	13,000,000.00
Planned Expenditure	
Woodford infills, Lungelani, Kwaskhindi electr	1,927,386.63

Ward 09 infills Langkloof, estebhisini electr	2,000,048.45
Entabeni, Varikop	1,616,926.10
Engoba & Emhlwazini	2,553,159.18
Kthethani	1,806,304.61
Emmause	3,096,175.03
Total Expenditure	13,000,000.00
Unspent (allocation less expenditure)	-

ALLOCATIONS OR GRANT MADE BY THE MUNICIPALITY

Municipality will not make any allocation or grant to other municipalities or any other organ of state.

COUNCILLORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of councillors allowances:

Description	2017/18 MTREF		
	BUDGET YEAR 2017/18	BUDGET YEAR 2018/19	BUDGET YEAR 2019/20
201 Salaries	8,445,921.00	9,037,135.47	9,669,734.95
214 Allowance Cell phone	661,200.00	707,484.00	757,007.88
234 Skills Levy	91,071.21	97,446.19	104,267.43
TOTAL	9,198,192.21	9,842,065.66	10,531,010.26

Summary of employee benefits for the municipal manager senior managers

SALARY	MUNICIPAL MANAGER	CHIEF FINANCE OFFICER	DIRECTOR CORPORATE	DIRECTOR TECHNICAL	DIRECTOR SOCIAL	TOTAL
SALARY	76,156.28	49,307.59	55,701.38	44,642.40	53,173.07	3,347,768.58
TRAVEL	15,000.00	18,000.00	14,000.00	16,000.00	14,000.00	924,000.00
HOUSING		7,500.00		11,904.71	10,000.00	352,856.52
UIF	148.72	148.72	148.72	148.72	148.72	8,923.20
SDL	854.17	602.34	624.75	545.35	649.56	39,314.05
SALGBC	7.68	7.68	7.68	7.68	7.68	460.80
Perfomance Bonus	197,765.23	117,578.91	109,886.83	117,578.91	117,486.00	660,295.88
BONUS	76,156.28	49,307.59	55,701.38	44,642.40	53,173.07	278,980.71
TOTAL	1,379,923.65	1,073,682.48	1,011,378.46	1,041,207.66	1,106,407.49	5,612,599.74

Summary of employee benefits for other municipal employees:

	2017/18 MTREF		
Description	BUDGET YEAR 2017/18	BUDGET YEAR 2018/19	BUDGET YEAR 2019/20
201 Salaries	37,226,334.48	39,832,177.90	42,620,430.35
203 Bonus	3,094,494.54	3,311,109.16	3,542,886.80
000 performance Bonus	-	-	-
205 Overtime	1,869,600.00	2,000,472.00	2,140,505.04
207 Allowance Housing	213,696.00	228,654.72	244,660.55
209 Allowance Standby	140,275.32	150,094.59	160,601.21
211 Allowance Transport	2,059,918.80	2,204,113.12	2,358,401.03
213 Post retirement benefits	104,673.63	112,000.78	119,840.84
220 Pension Fund	4,418,244.75	4,727,521.88	5,058,448.41
221 Provident Fund	2,325,458.48	2,488,240.57	2,662,417.41
222 Medical Aid	1,421,303.40	1,520,794.64	1,627,250.26
000 Interest Cost: Post Employment Benefits	24,914.82	26,658.86	28,524.98
226 UIF	288,540.72	318,286.40	340,566.45
231 Bargaining Council	17,233.92	18,933.35	20,258.68
234 Skills Levy	442,758.91	515,818.07	551,925.33
248 Leave Pay	1,557,734.01	1,666,775.39	1,783,449.67
291 Long Service Awards	290,732.71	311,084.00	332,859.88
236 Inservice Trainees	459,000.00	491,130.00	525,509.10
TOTAL	55,954,914.49	59,923,865.42	64,118,536.00

Detail of the cost to the municipality for each political office-bearer:

SURNAME	INITIALS	SALARY	CELL PHONE	COMPANY CONTRIBUTIONS SDL
VILAKAZI	MP	R 25,412.08	R 1,900.00	R 273.12
HADEBE	KI	R 26,180.67	R 1,900.00	R 280.81
SIMELANE	K	R 19,801.67	R 1,900.00	R 217.02
MFUPHI	PAM	R 19,801.67	R 1,900.00	R 217.02
BUTHELEZI	FE	R 19,801.67	R 1,900.00	R 217.02
HADEBE	SC	R 19,801.67	R 1,900.00	R 217.02
HADEBE	MJ	R 19,801.67	R 1,900.00	R 217.02
DLAMINI	BM	R 26,180.67	R 1,900.00	R 280.81
MSIMANGA	MH	R 19,801.67	R 1,900.00	R 217.02
KHOZA	ZS	R 19,801.67	R 1,900.00	R 217.02
MLAMBO	SP	R 19,801.67	R 1,900.00	R 217.02
ZULU	SA	R 50,534.17	R 1,900.00	R 524.34
DLADLA	KS	R 19,801.67	R 1,900.00	R 217.02
SIGUBUDU	PP	R 19,801.67	R 1,900.00	R 217.02
NGOZO	TG	R 50,534.17	R 1,900.00	R 524.34
VILAKAZI	MMS	R 19,801.67	R 1,900.00	R 217.02
SIGUBUDU	TA	R 26,180.67	R 1,900.00	R 280.81
MKHIZE	BP	R 19,801.67	R 1,900.00	R 217.02
NDLANGISA	MG	R 63,167.67	R 1,900.00	R 650.68
MDAKANE	NA	R 19,801.67	R 1,900.00	R 217.02
DLAMINI	MI	R 19,801.67	R 1,900.00	R 217.02
NDIMAMDE	S	R 19,801.67	R 1,900.00	R 217.02
JANSE VAN RENSBERG	TD	R 19,801.67	R 1,900.00	R 217.02
BUTHELEZI	MI	R 19,801.67	R 1,900.00	R 217.02
LANGA	K	R 19,801.67	R 1,900.00	R 217.02
HLONGWANE	SM	R 19,801.67	R 1,900.00	R 217.02
BUTHELEZI	SM	R 19,801.67	R 1,900.00	R 217.02
NQUBUKA	JE	R 19,801.67	R 1,900.00	R 217.02
BENGU	ENN	R 19,801.67	R 1,900.00	R 217.02
		R 8,445,921.00	R 661,200.00	R 91,071.21

MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Description	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	21,276	31,140	31,195
Service charges	1,777	2,136	2,260
Other revenue	14,855	3,878	4,122
Government - operating	120,684	105,346	110,142
Government - capital	43,742	–	–
Interest	2,477	2,544	2,691
Dividends	–	–	–
Payments			
Suppliers and employees	(123,782)	(145,259)	(154,524)
Finance charges	(1,099)	–	–
Transfers and Grants	(3,279)	(2,530)	(2,682)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76,651	(2,745)	(6,795)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	–	–	–
Decrease (Increase) in non-current debtors	–	–	–
Decrease (increase) other non-current receivables	–	–	–

Decrease (increase) in non-current investments	—	—	—
Payments			
Capital assets	(66,606)	—	—
NET CASH FROM/(USED) INVESTING ACTIVITIES	(66,606)	—	—
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans	—	—	—
Borrowing long term/refinancing	—	—	—
Increase (decrease) in consumer deposits	—	—	—
Payments			
Repayment of borrowing	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES	—	—	—
NET INCREASE/ (DECREASE) IN CASH HELD	10,045	(2,745)	(6,795)
Cash/cash equivalents at the year begin:	46,381	56,426	53,682
Cash/cash equivalents at the year end:	56,426	53,682	46,887

ANNUAL BUDGET AND SDBIP – INTERNAL DEPARTMENTS

Internal Department annual budget and SDBIP attached (Annexure B)

CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS

Okhahlamba municipality does not have active contracts that will go beyond the three years covered by the 2017/2018.

The municipality will raise a loan to fund the acquisition of plant and machinery. At this stage there is not enough information on this matter since the tender is not yet issued.

CAPITAL EXPENDITURE DETAILS

Summary of budgeted capital expenditure by class and subclass:

Asset Class	Amount
infrastructure	13,211,205.22
Buildings	30,530,794.78
furniture	464,000.00
intangible	1,500,000.00
machinery and equipment	900,000.00
motor vehicles	20,000,000.00
	<u>66,606,000.00</u>

LEGISLATION COMPLIANCE STATUS

The municipality received a clean audit in 2015/2016 which implies the municipality complies with applicable legislation and does not foresee any non-compliance issues in the near future.

OTHER SUPPORTING DOCUMENTS

ANNEXURE C attached: Fixed Asset Register

ANNEXURE D attached: Salaries workings

QUALITY CERTIFICATE

I, **Siza Sibande**, Municipal Manager of Okhahlamba Municipality hereby certify that the **Draft Budget and supporting documentation** have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act, and that the draft budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: **Siza Sibande**, Municipal Manager of **Okhahlamba Local Municipality (KZN 235)**

Signature.....

Date.....